Redesign
Resilience
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5 December 2023

Representative Jay Obernolte, Chair
Representative Val Foushee, Ranking Member
US House of Representatives Committee on Science, Space, and Technology
Investigations & Oversight Subcommittee
2321 Rayburn House Office Building
Washington, DC 20515

Dear Chair Obernolte and Ranking Member Foushee,

I write as an original instigator of the Science Based Targets initiative (SBTi) who has (reluctantly) become critical of the initiative over its adoption of fatal flaws, which I document extensively in a 15 February 2021 Formal Complaint (that SBTi has failed to adjudicate for almost 3 years) and supporting 24 March 2021 Memorandum. The Committee Chair's staff reached out to me earlier this year regarding the investigation of SBTi and, committed as I am to non-partisanship, I insisted on engaging equally with the staffs of the Chair and the Ranking Member. I continue this commitment to engage on both sides of the aisle now.

I watched the recording of the 30 November 2023 Hearing (and the recording of the 20 September 2023 Hearing), and if one sets aside the *performative theatrics*, *tangential wanderings*, and *irrational reasonings*, a **clear through-line** can be seen through the haze.

To help crystallize this clarity, I share further illuminating signposts, including:

1. Lockheed Martin's longstanding approach that predates the Science Based Targets initiative (SBTi);
2. The (US-sourced) method (that scientific studies find the strongest) used; and
3. SBTi's inexplicable refusal to validate this method (or even cover it in its standard).

More on these signposts below, but first, some foundation-setting.

Chair Obernolte, you helpfully clarified from the get-go that the investigation is laser-focused on the propriety (or impropriety) of the selection of SBTi to serve as the sole standard setter and validator of major federal contractors aligning their GHG emissions pathways with climate science decarbonization trajectories – not on the rule itself. (I here reiterate, as I established in my 14 September 2023 letter to the Committee on this matter, that I ***fully support*** the overarching goal of the proposed rule requiring major contractors to set – and align their performance to – science based targets.)

Mr Mayock of the Council on Environmental Quality (CEQ) repeatedly reiterated (at least 13 times, by my count) that CEQ's research identified SBTi as the "leading" and "most widely used / accepted" standard setter and validator – suggesting that SBTi is thus best suited to serve the role of standard setter and validator in the (proposed) rule.

Anyone who's experienced high school culture knows that popularity (*most widely used*) is not causally related to quality (*best*) – in fact, popularity and quality often don't even correlate.

So while we can agree that Mr Mayock's assertion is an accurate *descriptive assessment* — SBTi is indeed "widely used" (due primarily to its illegitimate monopolization of the standard and validation marketplaces in this arena) — it falls far short of a *critical analysis* of whether SBTi's standard setting and validation meet sufficiently robust *quality* criteria. The evidence introduced below documents that a critical analysis of SBTi's standard setting and validation would identify that they each *fail* to meet minimum quality criteria.

Quantity versus Quality: A Conflict of Interests?

On the question of *quality*, Mr Mayock stated, "we looked – and we did look in the United States – for a leading standard when it comes to science-based targets and we didn't find any."

This is highly unusual – even the most cursory review of the scientific literature would identify the two extant comprehensive scientific studies on the relative *quality* of all science-based target (SBT) setting methods: Bjorn et al 2021 and Rekker et al 2022.

Both studies narrowed down the field of methods to three that rise above the rest: two created by SBTi (the Absolute Contraction Approach, or ACA, and the Sectoral Decarbonization Approach, or SDA) and one created independently by the US-based not-for-profit Center for Sustainable Organizations (CSO) in 2006 (a decade before the 2015 launch of SBTi), piloted then by US-based company Ben & Jerry's. (This was the first-ever SBT method created.)

Bjorn et al 2021 found:

> "The CSO method, followed by the SDA method, has the overall lowest emission imbalance across all scenarios… our results indicate that concerns over emission imbalance should favour the CSO and SDA methods, rather than ACA and SDA."

Rekker et al 2022 found:

> "[W]e find that the SDA and Context-based Carbon Metric by the CSO are the only two methods that meet our two conditions, whilst the CSO also meets the desirable condition of differentiated responsibilities, with companies in developed countries required to decarbonise much faster than those in developing countries."

While the only two comprehensive scientific studies of SBT setting methods *both* found CSO to be the strongest method, SBTi has (inexplicably) banned use of CSO since 2018, despite the fact that the CSO method met all 3 criteria that SBTi established for qualifying methods.

Interestingly, the only methods that *did* qualify for SBTi validation were the two methods created by SBTi, raising significant conflict of interest concerns – the first strand of the double helix of conflicts of interest that I established in my 14 September 2023 letter to the Committee (which Committee Member Zinke cited in his Hearing questions.)

Since 2018, SBTi has steadfastly refused to disclose the evidence – the data and analysis – behind its apparently irrational decision. (See here for in-depth documentation of evidence.)

Quality Obstructions: Lockheed Martin versus SBTi

More to the point for this proposed rule, one of the largest government contractors – Lockheed Martin – has been using the CSO method to set SBTs since *before* SBTi even appeared on the scene. In its *2014 Sustainability Report* (a year before SBTi launched), Lockheed Martin first reported on its use of the CSO method, and it has continued to do so in the intervening years since then, through its latest *2022 Sustainability Report*. Lockheed Martin has had the option to shift to SBTi's methods for *years*, but it has opted to stick with the CSO method. It seems a safe assumption that Lockheed Martin is aware of the scientific studies documenting the superior quality of the CSO method over the SBTi methods.

This points to a significant sticking point for the proposed rule:

> *Lockheed Martin would fail to qualify for SBTi validation, despite the fact that it has (for more than a decade) been using a **more robust** SBT method (according to the scientific studies) than those accepted by SBTi, because SBTi illogically disallows the use of the CSO method – for reasons that SBTi refuses to document with transparent evidence.*

Of course, the scientific method calls for verifiability through replication of results, which is impossible to do, so long as SBTi refuses to disclose the evidence. In fact, this points to an even broader pattern of SBTi obstructing the transparency necessary to conduct the scientific method. See Bjorn et al 2023 for a scientific study on how SBTi's lack of transparency prevents independent replication and verification of company targets that SBTi has validated – meaning that the public (and the scientific community) has no other option than to simply trust SBTi's validation decisions. No "second opinion."

Proposed Solutions

There are a host of additional confounding implications that flow from this situation, but instead of going down those rabbit holes now, let us turn to potential solutions to this impasse.

One simple solution would be for SBTi to allow the use of the CSO method. This solution, however, would leave myriad other problems unresolved, including SBTi serving as the sole validator – the second strand of the double helix of conflict of interests I asserted in my 14 September 2023 letter to the Committee (cited in the hearing by Committee Member Zinke.)

A more robust solution would be to shift from SBTi's illegitimate monopolization of the SBT marketplace as the sole standard setter and sole validator, by establishing alternative standard setting and validation options, with elements to address SBTi's illegitimacies on both fronts.

On the **standard setting front**, the lack of diverse options runs contrary to the dynamics of earth's ecology that favors biodiversity, and also contravenes economic logic, which rejects the anti-competitive nature of monopolies. If SBTi's standards were demonstrably superior to any other conceivable approach, then its monopolization wouldn't necessarily be so egregious.

But robust scientific evidence (Bjorn et al 2021, Rekker et al 2022) demonstrates that SBTi's standards *artificially* prop up demonstrably *inferior* approaches (that happen to be SBTi's own approaches, triggering conflict of interest concerns), so it is high time for *superior standards* to emerge, to offer competition focused on quality, not necessarily quantity.

It is therefore desirable to introduce alternative, quality-based standards. Such standards would require the use of the strongest, highest quality SBT methods, based on independent scientific assessment. Accordingly, the standard would allow the use of the CSO method – and any others that pass muster. (The United Nations has proposed robust criteria for SBT methods on p 67 of this document.)

This standard could be administered by the Environmental Protection Agency (EPA), which was represented at the very first meeting where the idea for what became SBTi was first discussed (at the World Resources Institute in Washington, DC). EPA has in-depth experience with administering regulations based on ecological thresholds similar to the GHG atmospheric concentration thresholds of earth climate regulatory system, in particular EPA's implementation of total maximum daily load (TMDL) thresholds for pollutants in the water cycle.

On the **validation front**, SBTi's artificial suppression of diversity (by using its power as standard setter to illegitimately corner the validation market, thus stifling the innovation engine of competition) reduces quality while also gumming up the pipeline (6-month to one-year waiting times are typical for SBTi validation).

A better solution is for the standard setter to do its job of setting a standard for robust validation, then allowing independent validators to perform validations in compliance with high quality validation standards. This approach would solve the second strand of SBTI's conflict of interests double helix, whereby it serves as both standard setter *and* validator, a clear conflict of interests. SBTi itself has acknowledged the weaknesses of its monopolization of validation, as I document in the Appendix to my 14 September 2023 letter to the Committee Chair and Ranking Member.

Ultimately, these 2 intertwined solutions (on the standard and validation fronts) bear in on the primary focus of the investigation: namely, the propriety – or impropriety – of SBTi serving as the sole standard setter and validator of major contractors' SBTs. These proposed solutions also honor the overarching intention of the proposed rule. Indeed, there is a strong case to be made that these solutions represent a ***more robust enactment*** of the proposed rule, not only from a due process perspective, but also from the perspective of applying the strongest methods (according to scientific study) for aligning company-level decarbonization to the demands of climate science.

I hope that this letter is helpful in advancing your investigation. I would be glad to speak with you if you have questions or need further information. Thank you very much for your public service.

Sincerely,

Bill Baue
Senior Director, r3.0 (Redesign for Resilience & Regeneration)
Original Instigator, Science Based Targets initiative